

# IRS News Release

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Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

[www.irs.gov/newsroom](http://www.irs.gov/newsroom)

Public Contact: 800.829.1040

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## **Joint International Tax Shelter Information Centre Expands and Opens a Second Office in the United Kingdom**

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WASHINGTON — The Commissioners of the Australian, Canadian, United Kingdom and United States tax administrations have decided to open a second office of the Joint International Tax Shelter Information Centre (JITSIC) in London in fall 2007. Additionally, Japan has accepted an invitation to join JITSIC, and a representative of the National Tax Agency will be present at the London centre.

The Commissioners agreed that exchanging information in real-time is making a significant difference to the complex task of tracking tax avoidance and abusive cross-border transactions. JITSIC members have identified and challenged the following highly artificial arrangements:

- A cross-border scheme was marketed, involving hundreds of taxpayers and tens of millions of dollars in improper deductions and unreported income from retirement account withdrawals.
- Highly structured financing transactions created by financial institutions in which taxpayers generated inappropriate foreign tax credit benefits
- Brokers provided made-to-order losses on futures and options transactions for individuals in other JITSIC jurisdictions, leading to a tax loss of more than \$100,000,000.

The Commissioners have also made further plans for the future development of JITSIC, along with the measured expansion to cover North America, Europe and Asia - broadening the focus of its activities, further sharing best practices on risk assessment and other key areas of interest, and particularly increasing the transparency of cross-border transactions in order to create a level playing field for taxpayers who are voluntarily compliant.

JITSIC was established in 2004 by the tax administrations of Australia, Canada, the United Kingdom and the United States, to supplement the ongoing work of the Australian Taxation Office, the Canada Revenue Agency, HM Revenue and Customs, and the Internal Revenue Service in identifying and curbing tax avoidance and shelters and those who promote them and invest in them.

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To date, delegates from each of the four countries have been based in Washington DC, and exchange information on abusive tax schemes, their promoters and investors, consistent with the provisions of bilateral tax conventions.